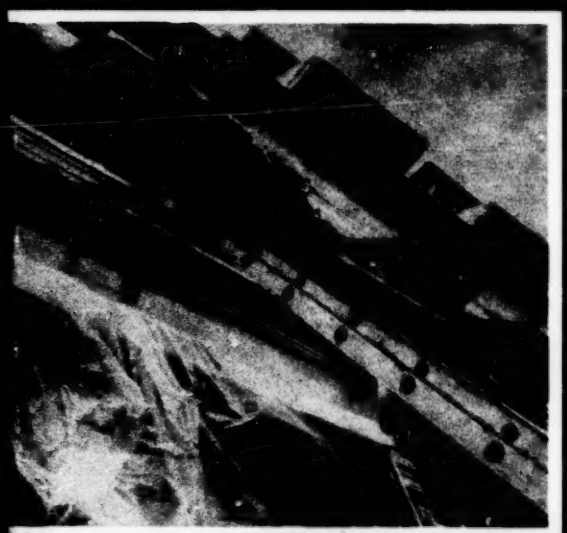
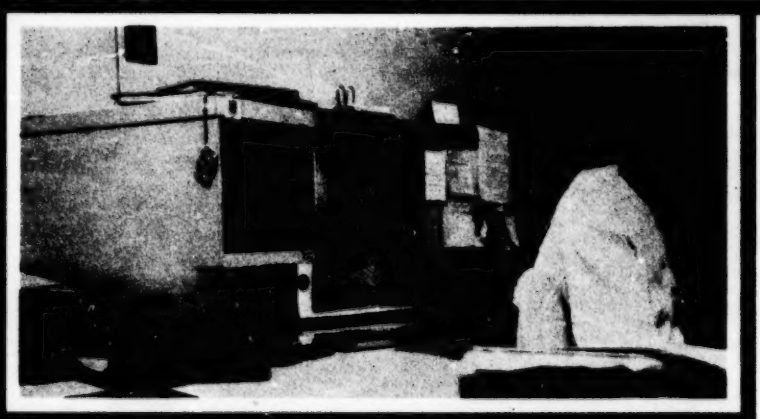
Workmen's Compensation Board

Annual Report 1981





Annual Report 1981

The Honourable John B. Aird,
O.C., Q.C., B.A., LL.D.,
Lieutenant Governor
of Ontario

The Workmen's
Compensation Board is
pleased to submit its
annual report of operations
for 1981.

The Honourable
Lincoln M. Alexander,
P.C., Q.C.,
Chairman

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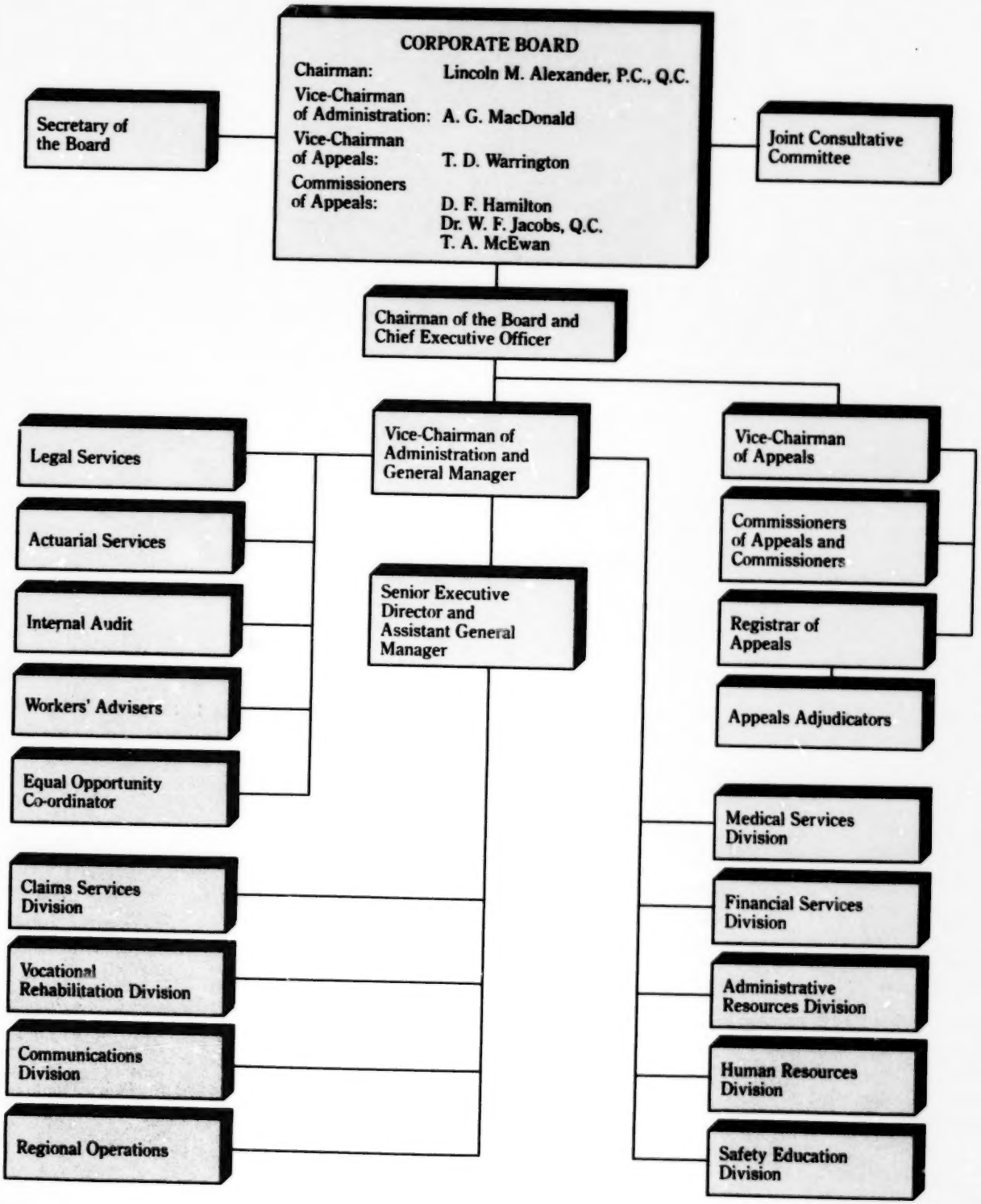
Workmen's Compensation Board 1981



Workmen's Compensation Board — Summary of Operations
Year Ended December 31, 1981

	1981 ($000's)	1980
Payroll upon which assessment revenue was based	*$37,000,000	*$32,600,000
Incidents reported as work injuries	415,044	444,674
SCHEDULE 1 OF THE ACT **SCHEDULE 1 BENEFITS PAID AND AWARDED**		
Medical aid paid	$ 85,965	$ 64,793
Compensation paid	288,933	259,112
Rehabilitation paid	13,341	8,673
Pensions awarded	170,055	141,887
	$ 558,294	$ 474,465
SILICOSIS BENEFITS		
Medical aid paid	$ 95	$ 64
Compensation paid	190	110
Rehabilitation paid	—	—
Pensions awarded	1,473	1,217
	$ 1,758	$ 1,391
Total	$ 560,052	$ 475,856
LEGISLATIVE AMENDMENTS	$ 360,000	$ —
Total payments and awards under Schedule 1 of the Act	$ 920,052	$ 475,856
SCHEDULE 2 OF THE WORKMEN'S COMPENSATION ACT AND FEDERAL GOVERNMENT EMPLOYEES COMPENSATION ACT **SCHEDULE 2 BENEFITS PAID**		
Medical aid paid	$ 9,189	$ 6,778
Compensation paid	18,412	16,991
Rehabilitation paid	524	423
Pensions paid	20,452	17,092
	$ 48,577	$ 41,284
Compensation paid directly by Schedule 2 employers	$ 15,371	$ 14,185
Total benefits paid under Schedule 2	$ 63,948	$ 55,469
Awards and payments (exclusive of legislative increase above)	$ 624,000	$ 531,325
Legislative increases	$ 360,000	$ —
Awards, payments and legislative increases	$ 984,000	$ 531,325

*Estimated adjusted payroll

Lincoln M. Alexander
Chairman

A Year of Achievement

The year 1981 saw major and progressive changes at the Ontario Workmen's Compensation Board. It was also a year in which the Board had the opportunity to reflect on important studies of our compensation system, including Professor Paul Weiler's report, Reshaping Workers' Compensation for Ontario, and the Ontario government's White Paper on the Workers' Compensation Act.

Looking back on the year's most significant achievements, I am pleased to point to our new policy, effective December 28, 1981, of full worker access to claim files; the completion of the first year of operation of our Sudbury and London regional offices; and the addition to the Vocational Rehabilitation Division of a Job Opportunity Bank — a computer program designed to match an injured worker's abilities and interests with suitable job opportunities recorded in the computer files.

These achievements are just three examples of the Board's efforts to provide ever better and more comprehensive service to injured workers and employers throughout Ontario. What follows is a closer look at the operations of your Workmen's Compensation Board (WCB).

Corporate Board

Presiding over the activities of the Workmen's Compensation Board is the *Corporate Board*. Responsible for all policies and programs, it consists of the Chairman, who is the chief executive officer of the Board; the Vice-Chairman of Administration and General Manager, who is the chief administrative officer; the Vice-Chairman of Appeals; and three Commissioners of Appeals.

In 1981, the Corporate Board met formally 20 times and continued its customary practice of meeting with representatives of organized labour, trade and employer associations or groups, the professions, members and committees of the Ontario government, the Ombudsman, the Joint Consultative Committee, and other groups and individuals.

The Corporate Board's Vice-Chairman of Appeals supervises the operation of the *Appeals System*. This system is organizationally separate from other Board activities and hears and decides appeals from those who feel their interests are affected by an adverse decision made by one of the Board's operating divisions (such as the Claims Review Branch of the Claims Services Division).

Appeal hearings are held at the WCB's head office in Toronto and in seven other locations throughout the province — Sault Ste. Marie, Sudbury, Thunder Bay, Timmins, Windsor, London and Ottawa.

Two-Step Appeals Process

There are two levels to the appeals process and concerned parties can request an appeal hearing at either level. In the first step, an appeals adjudicator reviews the claim and may decide the appeal on the basis of the information on file, call a hearing before an appeals adjudicator, or refer it to the second step of the system, which is a hearing by an appeal board of three commissioners.

For the second consecutive year, in 1981 the number of appeals heard by appeals adjudicators and appeal boards decreased. Appeals adjudicators held 2,608 hearings, 6.6 per cent less than in 1980. Appeal boards held 964 hearings, a decrease of 9.3 per cent from the previous year.

During 1981, appeals adjudicators allowed or partially allowed 52.5 per cent of appeals. Appeal boards allowed or partially allowed 36.7 per cent of appeals heard.

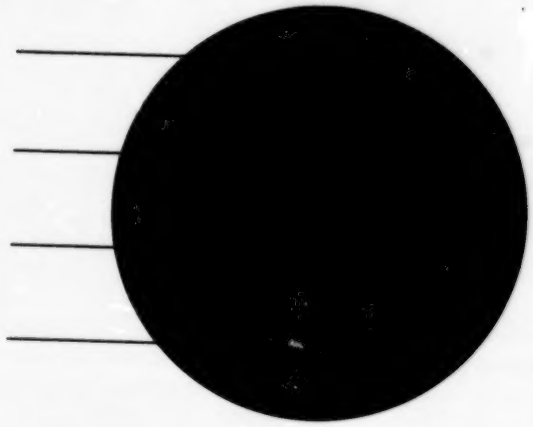
1981 (with % of total claims reported — 415,044 = 100%)

Allowed lost-time claims
163,366 (39.4%)

Allowed no lost-time claims
222,374 (53.6%)

Denied claims
25,582 (6.1%)

Other (including withdrawn or incorporated claims)
3,722 (0.9%)



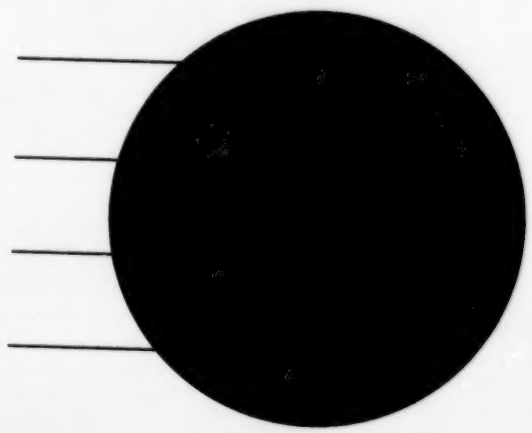
1980 (with % of total claims reported — 444,674 = 100%)

Allowed lost-time claims
165,221 (37.1%)

Allowed no lost-time claims
246,255 (55.4%)

Denied claims
28,332 (6.4%)

Other (including withdrawn or incorporated claims)
4,866 (1.1%)



Injured workers may be represented at hearings by, among others, the Board's workers' advisers or trade union representatives. Our workers' advisers, who on request will assist workers or their dependants in preparing an appeal, are independent of the entire adjudicative and appeals function and have complete freedom of action in representing the worker's interests. They may also advise employers, but do not represent them at hearings.

Access to Claim Files

Our new policy on access to claim files now provides more information to injured workers or their representatives before the appeals hearing. As of December 28, 1981, injured workers or their authorized representatives are provided with photocopies of their claim files on request, in cases where a disputable issue exists. (By "disputable issue" I mean an adverse decision made by a review group within one of the operating divisions of the Board, which has been communicated in writing to all parties concerned.)

All material in the claim file is accessible, except certain medical information which the Board might consider potentially harmful to the worker if disclosed directly. Such information is sent to the worker's physician, to be released to the worker at the physician's discretion, and the worker or worker's representative is so advised. The right of access is also extended to the employer for records which the Board deems relevant to the issue in dispute.

Claim files are processed by the WCB's *Claims Services Division*, which sees to it that injured workers receive the benefits they are entitled to under the Workmen's Compensation Act. Its three branches — Claims Adjudication, Claims Review, and Claims Information and Counselling Services — are responsible for equitable administration and prompt adjudication of claims.

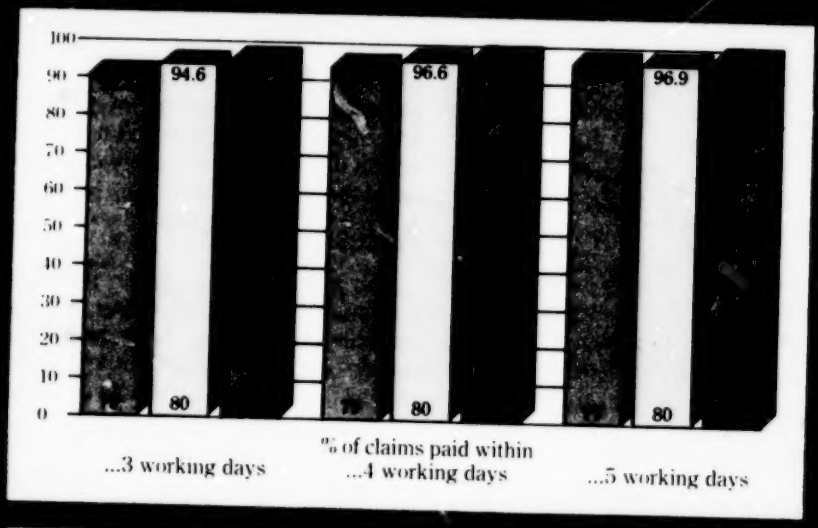
In 1981, claims adjudicators across the province adjudicated 415,044 new claims, a decrease of 6.7 per cent from the 444,674 claims reported in 1980. Of total claims, 53.6 per cent (222,374) were accepted as no lost-time claims (for accidents which necessitated medical treatment, but no time off work beyond the day of the accident). Another 39.4 per cent (163,366) of claims reported were accepted as lost-time claims (involving time off work and compensation payments). Entitlement for survivors' pensions was established in 235 cases of industrial fatality.

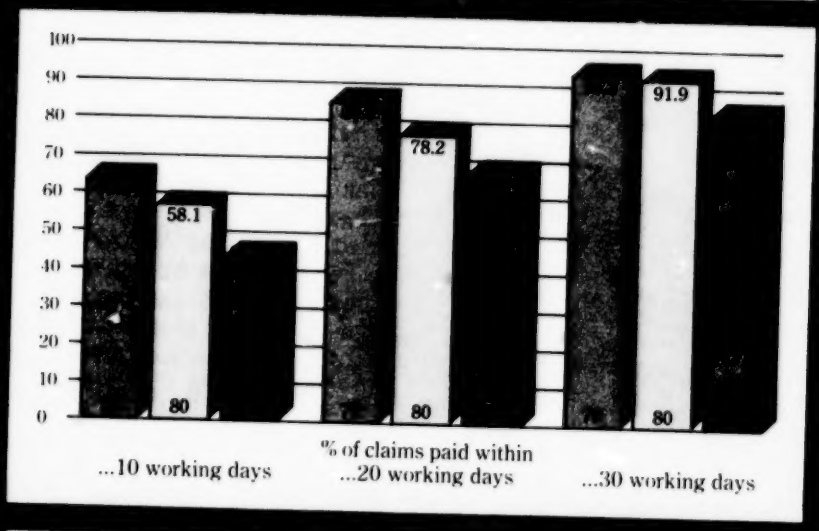
New permanent disability pensions awarded to workers during 1981 numbered 18,759, compared with 17,883 the previous year. This figure includes pensions for life as well as lump sum, provisional, temporary supplementary awards and awards increased after re-evaluation. The number of active workers' pensions on file at the end of the year was 66,842.

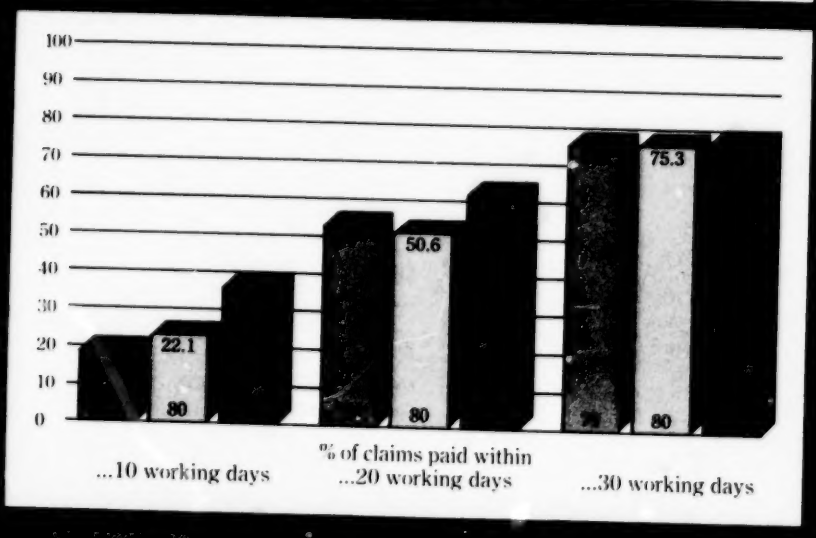
Benefit Levels Raised

The year 1981 saw legislative amendments to the Workmen's Compensation Act which raised benefit levels to injured workers, surviving spouses and dependants. A total of 80,700 claims required adjustment as a result of the July 1, 1981 amendments. Of these, approximately 74,500 were permanent disability and dependency claims and 6,200 were claims for temporary disability.

The Adjudication Branch is also responsible for application of the Board's Second Injury and Enhancement Fund (SIEF). Created to encourage employers to hire workers with a disability, it provides financial relief to Schedule 1 employers (under the Workmen's Compensation Act) when a worker's pre-existing or underlying condition contributes to a new injury or prolongs the period of disability. The share of a claim's cost that is attributable to the prior


100
90
80
70
60
50
40
30
20
10
0
94.6
96.6
96.9
80
80
80
% of claims paid within
...3 working days
...4 working days
...5 working days


100
90
80
70
60
50
40
30
20
10
0
58.1
78.2
91.9
80
80
80
% of claims paid within
...10 working days
...20 working days
...30 working days


100
90
80
70
60
50
40
30
20
10
0
22.1
50.6
75.3
80
80
80
% of claims paid within
...10 working days
...20 working days
...30 working days

condition is charged to the fund rather than to the current employer. Compensation and medical aid costs transferred to SIEF in 1981 totalled $77,924,181 (up from $62,150,163 in 1980) for 26,670 claims.

The Claims Review Branch at head office reviews all claims in which an adjudicator recommends denial or limitation of entitlement, and all objections to decisions. A Review Branch specialist scrutinizes the claim to ensure the adjudicator has obtained all pertinent information and considers the adjudicator's written reasons and policy references.

In 1981, the Review Branch reviewed 19,595 claims. The adjudicator's recommendation was confirmed in 59.1 per cent of claims and reversed in 4.6 per cent. The claim was returned for alternate action or directed for further review in 36.3 per cent of cases. The majority of claims in this final group, however, are ultimately accepted.

Through the WCB's head office, six area and three information service offices, the Claims Information and Counselling Services Branch provides information and counselling to the public regarding Board policy and individual claims. The branch also conducts field enquiries for other branches of Claims Services and the appeals system.

The Claims Information and Counselling Services Branch offers assistance to clients in their first language whenever possible. In 1981, branch personnel at head office and the nine area and information service offices included 102 people fluent in a wide variety of languages, including Italian (38), French (29), Ukrainian (6), Portuguese (4), and Spanish (4). An additional 148 multilingual staff throughout head office may be called upon to interpret as required.

Claims Information administers the Telephone Enquiry Services Section, which in 1981 received 532,245 queries. In area and information service offices, 724,788 telephone requests for information were handled. Claims Enquiry counsellors at head office looked after 50,783 in-person enquiries in 1981. Visitors to the area and information service offices averaged 10,360 per month.

For those communities not directly served by one of the area or information service offices, the branch provides Claims Visiting Counselling Services. During 1981, counsellors regularly visited 13 communities, primarily in Northern Ontario: Kirkland Lake, New Liskeard, Hearst, Kapuskasing, Cochrane, Dryden, Red Lake, Kenora, Fort Frances, Atikokan, Ignace, as well as Sarnia and Cornwall.

The branch's decentralized staff of claims investigators gather information on claims when field enquiries are necessary. During 1981, 11,536 claims were investigated in order to reach a fair decision, an 8.4 per cent increase over 1980.

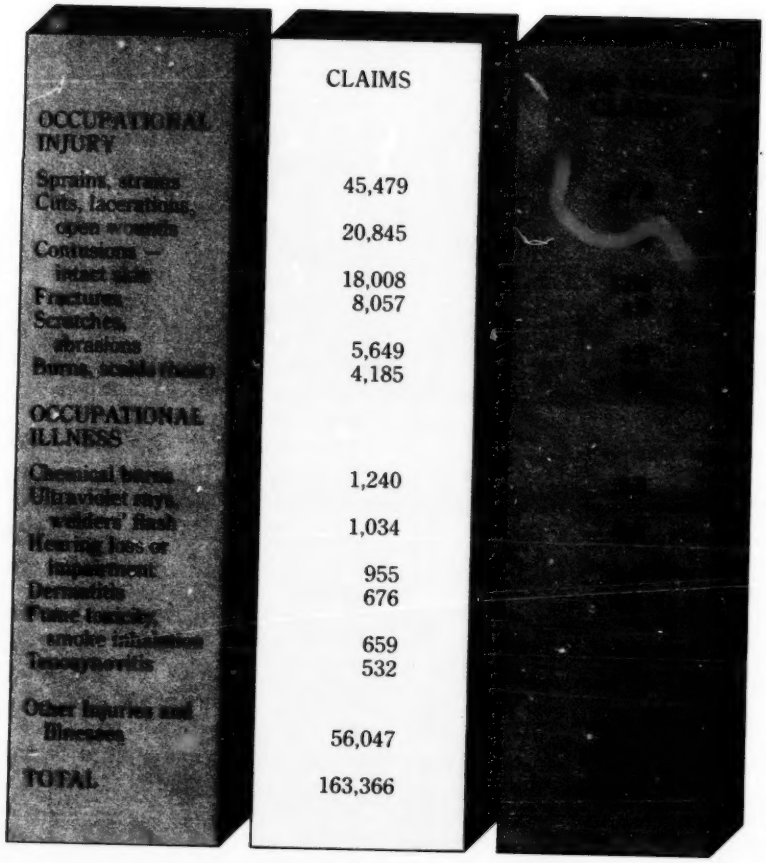
Medical Service to Injured Workers

Working closely with Claims Services, the *Medical Services Division* strives to return the injured worker to a productive and satisfying life, both at home and in the workplace. The division's functions include monitoring medical care and advising on treatment of injured workers, assessing and paying medical aid accounts and related expenses, supplying medical input into the development of claims policy, and providing medical opinions in the adjudication of individual claims.

In 1981, the 35 full-time physicians in the Medical Branch examined 111,637 claim files, a 4.9 per cent decrease from 1980's 117,498. The number of files reviewed by the 10 section medical advisers in Extended Disability also decreased, from 99,864 in 1980 to 94,459.

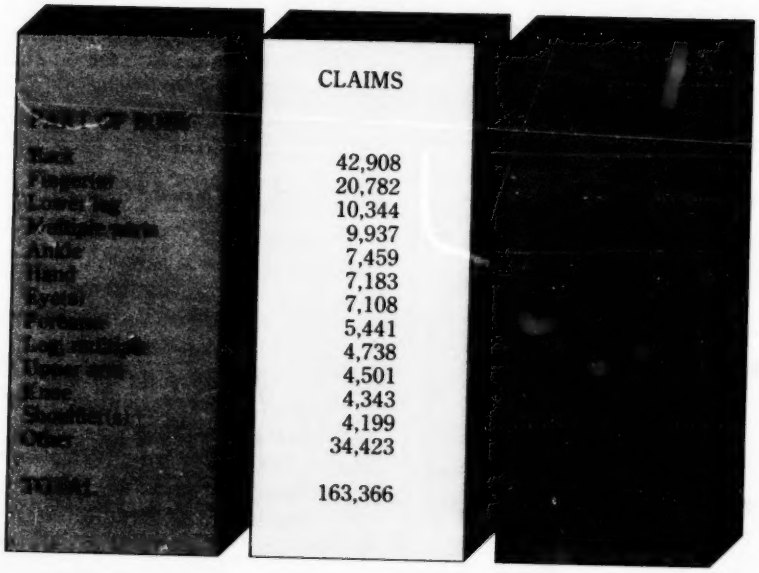
The division (with Claims Services) also evaluates residual impairment in claims for pensions and supervises all facilities and programs in medical rehabilitation at the Board's Hospital and Rehabilitation Centre (H&RC) in Downsview (a suburb of Toronto). Division staff identify industrial disease trends, determine cause-

Lost-Time Claims
by Nature of
Injury/Illness, 1981



	CLAIMS
OCCUPATIONAL INJURY	
Sprains, strains	45,479
Cuts, lacerations, open wounds	20,845
Contusions — intact skin	18,008
Fractures	8,057
Scratches, abrasions	5,649
Burns, scalds (heat)	4,185
OCCUPATIONAL ILLNESS	
Chemical burns	1,240
Ultraviolet rays, welders' flash	1,034
Hearing loss or impairment	955
Dermatitis	676
Fume fever, smoke inhalation	659
Tenosynovitis	532
Other injuries and illnesses	56,047
TOTAL	163,366

Lost-Time Claims
by Part of Body
Injured, 1981



	CLAIMS
PART OF BODY	
Back	42,908
Fingers	20,782
Lower leg	10,344
Multiple parts	9,937
Ankle	7,459
Hand	7,183
Eye(s)	7,108
Foot(feet)	5,441
Leg, multiple	4,738
Upper arm	4,501
Knee	4,343
Shoulder(s)	4,199
Other	34,423
TOTAL	163,366

effect relationships and participate in the development of appropriate adjudication guidelines. Often in conjunction with independent researchers, they are involved in the numerous research projects of the division's Medical Branch, some concerned with occupational injuries and diseases, others aimed at reducing pain, aiding rehabilitation and generally improving the Board's services to injured workers.

Research in Progress

Major research into early identification of lumbar disabilities, the use of transcutaneous electrical nerve stimulators to control chronic pain, and biofeedback techniques for the control of back pain and migraine are among current projects. Others include the evaluation of recurrent dislocation of the shoulder, multiple operations on the knee, a survey of end results in the recovery process of amputation cases, and the rehabilitation success rate following cerebral vascular injuries associated with trauma.

The Medical Branch completed the Foundry Emission Research Project in 1981. As a result, guidelines developed by the Board in 1979 for the adjudication of primary lung cancer claims in Dofasco foundry workers could be extended to cover workers in other foundries (when it can be reasonably deduced that a heavy cumulative exposure to polyaromatic hydrocarbons is likely to have occurred).

Much of the division's research is based on the medical and rehabilitation care given to injured workers at the 522-bed Hospital and Rehabilitation Centre. Most patients at the Centre take a full treatment, tailor-made program, including daily sessions in occupational therapy, recreation, physiotherapy and remedial gymnastics. Typically, a patient's treatment team includes a physician, physiotherapist, occupational therapist, remedial gymnast and recreational therapist. Vocational rehabilitation counsellors also become involved in certain cases.

Admissions to the Centre were up by 5.7 per cent to 11,253 in 1981 (from 10,646 in 1980). The number of patients who completed the full treatment program increased to 6,126 from 5,955 in 1980. Of these, it was determined that 4,639 were fit to return to employment at the conclusion of treatment, a success rate of 75.7 per cent in these complicated cases.

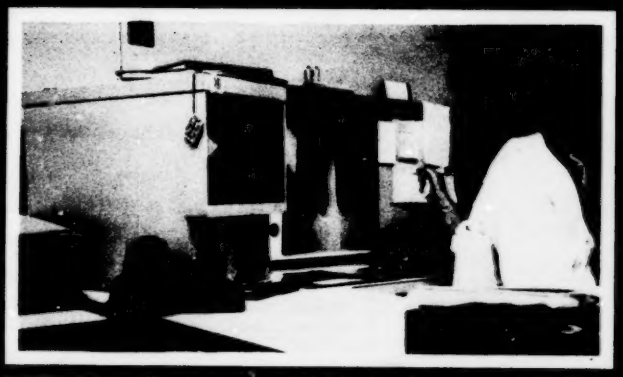
The average stay for treatment at the Hospital and Rehabilitation Centre was 18.8 days, compared with 21.2 days in 1980.

Clinics at H&RC

A number of special clinics have been developed at H&RC to deal with complex problems. The General Trauma Clinic (256 cases), Hand Clinic (711 cases) and Amputee Clinic (1,088 cases) all showed declines in the number of patients treated during 1981. However, new major amputation cases increased by a substantial 30.1 per cent, from 53 to 69, and referrals to the Head Injury and Neurology Clinic were up 65.8 per cent, from 427 in 1980 to 708 in 1981. A total of 326 cases were referred to the Psychological Social Evaluation Module in 1981, compared with 316 in 1980.

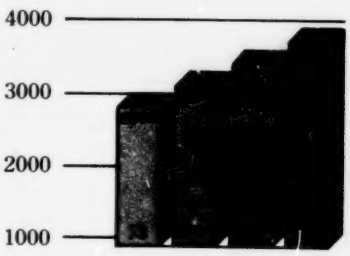
Since the Back Education Program began at the Centre in 1978, there have been 2,596 participants. The program, which helps patients cope with back disabilities, was taken by 674 patients in 1981. As in the past, approximately 45 per cent of those admitted to H&RC suffer from back disability.

Dr. Jean Pillet, a world-renowned prosthetist from France, gave a lecture and workshop on cosmetic hand prostheses to more than 150 surgeons, physicians, nurses, therapists and prosthetists at the Board's Hospital and Rehabilitation Centre in October, 1981.



Number of Workers Rehabilitated, 1978-1981

*(Rounded to the nearest hundred)



*Includes: returned to former employment; new employment; self-employment; achieved financial self-sufficiency through other means.

The division sponsored 288 English as a Second Language courses for injured workers in 1981, enabling them to better compete in the job market.

Services by the division's social workers were completed for 898 injured workers, a 28.8 per cent increase over 1980.

Patients at the Centre continue to benefit from the use of transcutaneous electrical nerve stimulator (TENS) units to control chronic pain in certain types of cases. There was an increase in the number of units prescribed in 1981, to 801 from 746 in 1980. This brings the total number of units issued by the Centre since their introduction in 1975 to 2,833. I would like to add that, to date, 257 TENS units have been returned to the hospital because they are no longer required by patients to control pain, a sign that the units have been relatively successful. In fact, preliminary results of a survey indicate that a significant number of patients equipped with TENS units have returned to work and/or are experiencing continued relief from chronic pain.

Rehabilitated Workers Back to Work

The *Vocational Rehabilitation Division* (VRD) works in concert with Claims and Medical Services to facilitate the return of injured workers to gainful employment and a place in the community. Through the efforts of rehabilitation counsellors, various specialists and administrative staff, VRD and vocational rehabilitation personnel in the Board's two regional offices assist injured workers in securing new employment.

Since no two clients' needs are identical, the division draws upon a wide range of services in order to give each injured worker a rehabilitation program best suited to his or her needs. Services include several forms of counselling (supportive, vocational, employment, financial and social) and arranging a variety of assessments of a worker's vocational interests, aptitude and capabilities. VRD staff assist in job searches, arrange academic, skill or on-the-job training and identify job opportunities while promoting the hiring of rehabilitated workers.

In 1981, there were 5,110 new referrals for rehabilitation across the province, an increase of 634 (14.2 per cent) over 1980. Rehabilitation staff throughout Ontario were instrumental in rehabilitating 3,712 workers (up 8.7 per cent from 1980), 3,104 of whom were returned to employment. They completed 5,540 service cases in the field and initiated training programs for 2,319 injured workers. All of these figures demonstrate a significant increase over activities in 1980. In fact, 4,498 job opportunities were secured in 1981, up 26.3 per cent from the previous year.

There is every indication that this increased service can be attributed, in part, to the Vocational Rehabilitation Division's new work methods introduced in 1981. Reporting systems were streamlined and the tasks of the four operating components — Vocational Counselling, Rehabilitation Resources, Employment Services, and Policy and Review Services — were more clearly defined. Rehabilitation counselling staff at the Board's Hospital and Rehabilitation Centre now provide follow-up employment assistance to discharged patients who reside in the greater Toronto area. The In-Office and Preliminary Counselling Unit at head office also offers these services to eligible injured workers.

courtesy of The Ontario Milk Marketing Board

Job Opportunity Bank

One of the year's most important initiatives was surely the introduction of the Job Opportunity Bank (J.O.B.) computer system in June, 1981. By matching an injured worker's abilities and interests with suitable job opportunities recorded in the computer bank, J.O.B. has proven extremely beneficial to the job placement service.

The employment "blitz" program, through which staff conduct concentrated job searches on behalf of rehabilitated workers across Ontario, continued to be successful in 1981. Employment blitzes were held in Windsor, London, Kitchener, St. Catharines, Hamilton, Kingston, Ottawa, North Bay, Sault Ste. Marie, Sudbury and Thunder Bay. In addition, special efforts to find employment opportunities were directed at employers in Toronto's Italian community.

The Board has had offices in all of these cities (and Timmins) for years. As already mentioned, however, 1981 was the first full year of expanded service to what have become the Board's two *Regional Offices* — something I consider a landmark in the history of your WCB's progress and change, and a first for decentralized claims adjudication. The Sudbury Regional Office, which opened on November 3, 1980, serves the districts of Sudbury, Algoma and Manitoulin. The London Regional Office opened on December 1, 1980, and serves the counties of Huron, Middlesex, Elgin and Oxford.

Regional Offices Serve Community

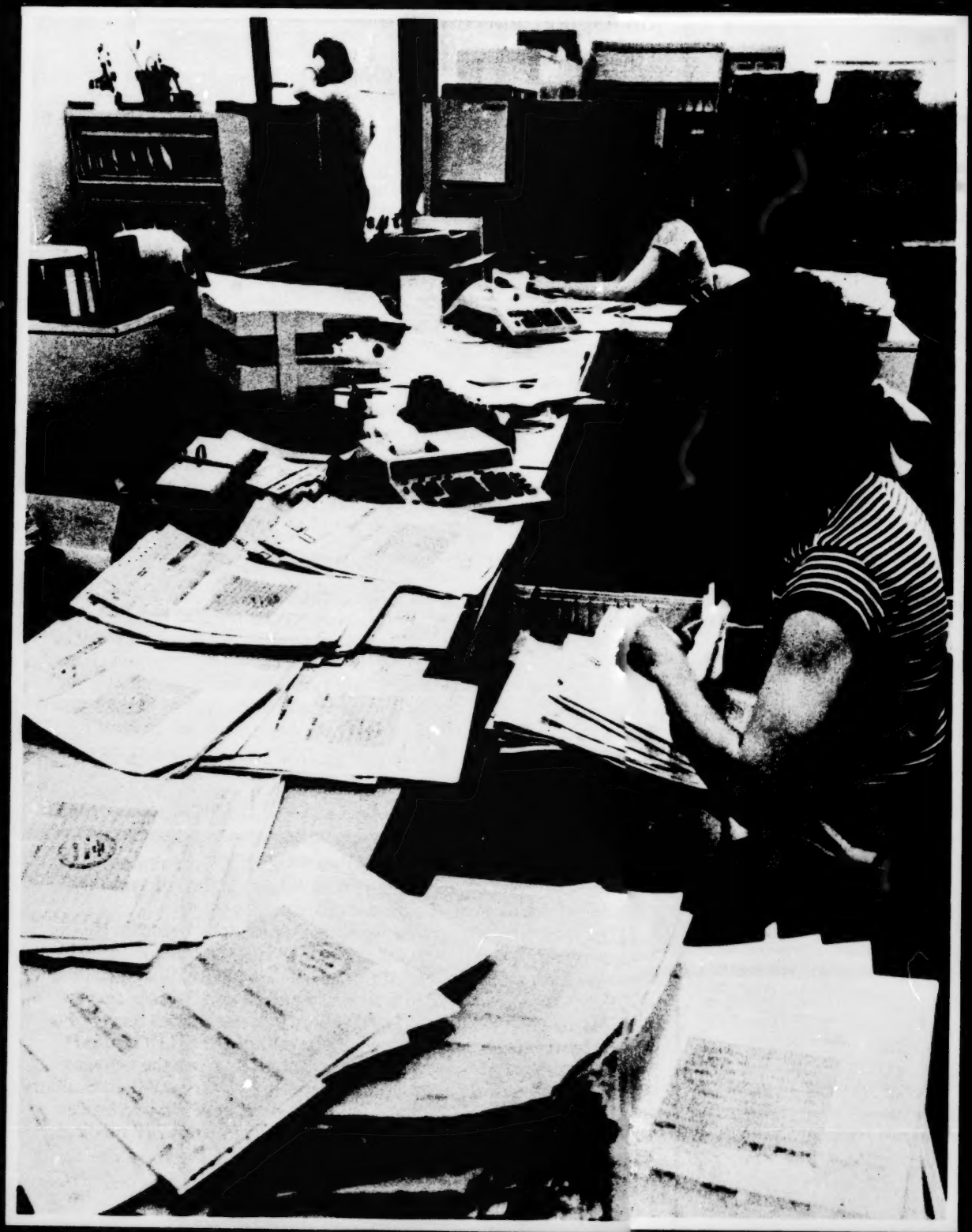
There are an estimated 200,000 workers and 4,354 employers in the Sudbury region. The London region includes an estimated 280,000 workers and 14,250 employers.

Both offices adjudicate all accident claims originating from their respective regions. (Certain claims functions are still handled at head office, including claims for industrial disease, the establishment of permanent disability awards and pension supplements, and claims in the appeals process.) Sudbury and London offices also supply such related services as identification and registration of all claims, the calculation and processing of lost-time payments and medical aid accounts, claims investigation, vocational rehabilitation counselling for workers and financial services for employers.

Decentralization of the Board's claims adjudication service has led to the more rapid processing of claims. Other benefits include the ready availability of files and information in response to local enquiries, more personalized service to clients in the region, improved efficiency in handling local rehabilitation referrals and closer teamwork among regional office personnel.

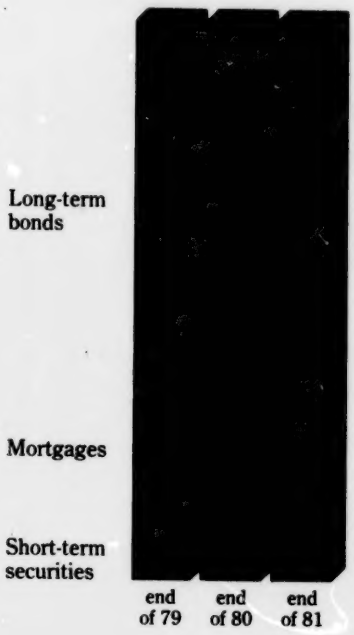
A total of 166,835 medical aid payments were processed by the two regional offices in 1981.

The importance of our new regional operations becomes clearer when you consider their workloads in 1981. Of a total of 415,044 new claims reported to the WCB province-wide in 1981, 24,208 and 24,943 were reported to our Sudbury and London offices respectively. Vocational rehabilitation counsellors in these offices received a total of 676 new referrals (or 13.2 per cent of the 5,110 injured workers referred for vocational rehabilitation across the province), and succeeded in rehabilitating 464 injured workers (249 in Sudbury and 215 in London). Regional medical advisers in the two offices reviewed a total of 19,281 claim files and conducted 777 medical examinations.



Changes in the Accident Fund Investment Portfolio, 1979-1981

(Percentage of total)



The WCB's regionalization project provides us with the opportunity to develop unique organizational and work methods, which complement processes already in existence at the Board.

Financial Management

The *Financial Services Division* provides a comprehensive program of financial management for all Board operations. As a result of the division's investment decisions, the Board's net investment income rose from $141.3 million in 1980 to $165.9 million in 1981. The running yield on the long-term portfolio also continued to improve, rising from 10.05 per cent in 1980 to 10.63 per cent in 1981. At the same time, accident fund investments (valued at amortized cost adjusted for accumulated unamortized net losses) grew to $1.57 billion from $1.49 billion in 1980.

The Revenue Branch of the division is responsible for classifying and assessing employers included under Schedule 1 of the Workmen's Compensation Act according to their industry classification. In 1981, a 4 per cent increase in the average assessment rate and an increase in the maximum assessable earnings from $16,200 to $18,500 caused assessments to rise from $529 million (in 1980) to $601 million. (While the maximum earnings level for computing compensation was raised again on July 1, 1981, the Board postponed the resulting increase in the maximum for assessable earnings until January 1, 1982.)

The estimated payroll reported by Schedule 1 employers increased to $37 billion from $32.6 billion in 1980. During 1981, the number of employers covered under Schedule 1 rose to 161,000 from 159,000 the previous year.

New Assessment Rates

Responsibility for determining necessary changes in assessment rates (to provide for increased benefits and to continue the policy of funding deficits over five years) rests with the Board's *Actuarial Services*. This unit computes the Schedule 1 Accident Fund's liability and evaluates the cost of legislative amendments. In 1981, new claims and new pensions awarded, plus the 1981 legislative amendment augmentation, added $520 million to the liability.

The Corporate Board in 1981 approved an average increase of 10 per cent for 1982 assessment rates, making $1.86 the average rate of assessment for every hundred dollars of assessable payroll in 1982 (from $1.69 in 1981). Assessments were reduced for 17 of the 108 rate groups in Schedule 1, while three remained unchanged and 88 were increased.

In addition, Actuarial Services evaluated the cost of the benefits proposed in Professor Paul Weiler's report and assumed administration of the experience rating plan, the accident cost system and the reclassification of industries.

The six branches of the *Administrative Resources Division* provide a wide range of support services for the WCB's other divisions. The newest branch — Security Administration — was established during the year to plan and co-ordinate matters concerning physical and personal safety and security. The other branches are Information Systems Development and Processing Branch, Records Management

courtesy of St. John Ambulance

Branch, Office Services Branch, Program Planning and Statistical Services Branch and Works Department, Hospital and Rehabilitation Centre.

Statistical Reports

In 1981, the division responded to 331 requests for statistical information. It produced 772 accident reports (upon request from interested parties), as required under The Occupational Health and Safety Act, 1978. Staff assisted Professor Paul Weiler in his review of the Workmen's Compensation Board by preparing statistical reports, and also prepared reports on asbestosis claims for the Royal Commission on the Study of Asbestosis in Ontario.

At the Hospital and Rehabilitation Centre, the division continued to install and to upgrade equipment for safety purposes. And during the 1981 postal disruption, staff directed 288,000 pieces of mail received through the Board's depots and distributed 148,000 cheques to injured workers, pensioners and treating agencies — 84 per cent of total cheques processed.

Turning briefly to the work of the Board's *Legal Services*, it advises the Corporate Board and operating management on legal matters. The group assists in the drafting of legislation and regulations affecting workers' compensation in Ontario and in performing the function of appeals administrator for hearings under Section 15 of the Workmen's Compensation Act (which allows the Board to make a ruling when an employee's right to claim compensation is disputed).

Legal Services is also the group responsible for engaging in litigation on behalf of injured workers who have chosen to subrogate to the Board their right of action against negligent third parties under Section 8 of the Act.

In 1981, there were increases both in the number of litigation files opened (282) and the number of cases settled (254, compared with 176 in 1980). Damages recovered in these settlements almost doubled in 1981, from $1,421,096 (in 1980) to $2,553,611.

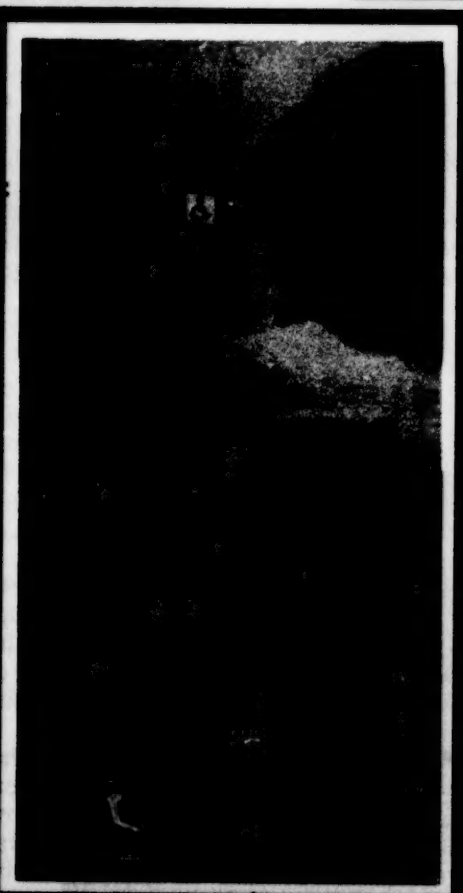
Safety Education Essential

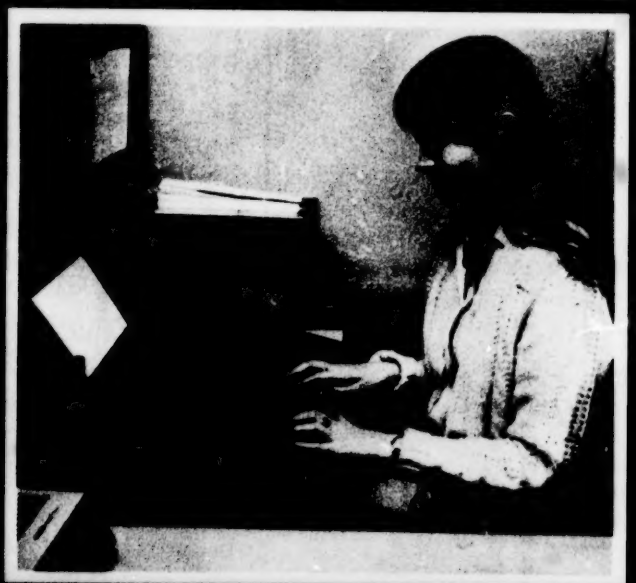
During 1981, more than 18,000 employees across Ontario were trained in first aid by St. John Ambulance and Emergency Care Instruction Services, at the Board's expense.

In addition to providing injured workers with medical aid, compensation and rehabilitation, the WCB, through its *Safety Education Division*, encourages safety education and accident prevention in the workplace and makes an important contribution to the field of occupational health and safety. The division administers both the first-aid regulations under the Workmen's Compensation Act and the Board's own first-aid training program.

The Council of Safety Associations, composed of nine safety associations in the province, continued to receive financial support from the Board in 1981. Among other educational projects, the Council sponsored 12 seminars on alcohol and drug abuse in the workplace, attended by some 350 individuals from both labour and management.

Two divisions which perform important functions within the Board, although of less immediate concern to the Board's clients, are Human Resources and Communications. The *Human Resources Division* is responsible for staffing, training, salary administration, and assisting the Board's operating management in organizational





review and restructuring. The division also sponsors Board employees who take academic, business and skills training courses through the Board's Tuition Assistance Plan.

The function of the *Communications Division*, as its name implies, is to communicate the Board's programs, policies and procedures to the public. It does this by publicizing Board initiatives through media liaison, speaking engagements, seminars, exhibits and an array of publications in English, Italian and Portuguese. Of particular interest is the Industrial Back Education Program (IBEP), a multi-media prevention program developed in conjunction with the Medical Services and Safety Education Divisions. IBEP conducted 196 sessions throughout Ontario in 1981, providing comprehensive information on back care to employees.

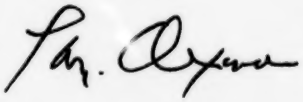
International Year of Disabled Persons

The year 1981 was also the International Year of Disabled Persons (IYDP), which involved the *Equal Opportunity Program*. Program staff supervised a number of improvements in accessibility to the Board's head office for disabled persons. A survey conducted in 1981 revealed that the Board then employed 578 people who identified themselves as handicapped or disabled. During 1981, the Board hired 17 disabled employees, seven of whom came from the vocational rehabilitation program and 10 from the community at large.

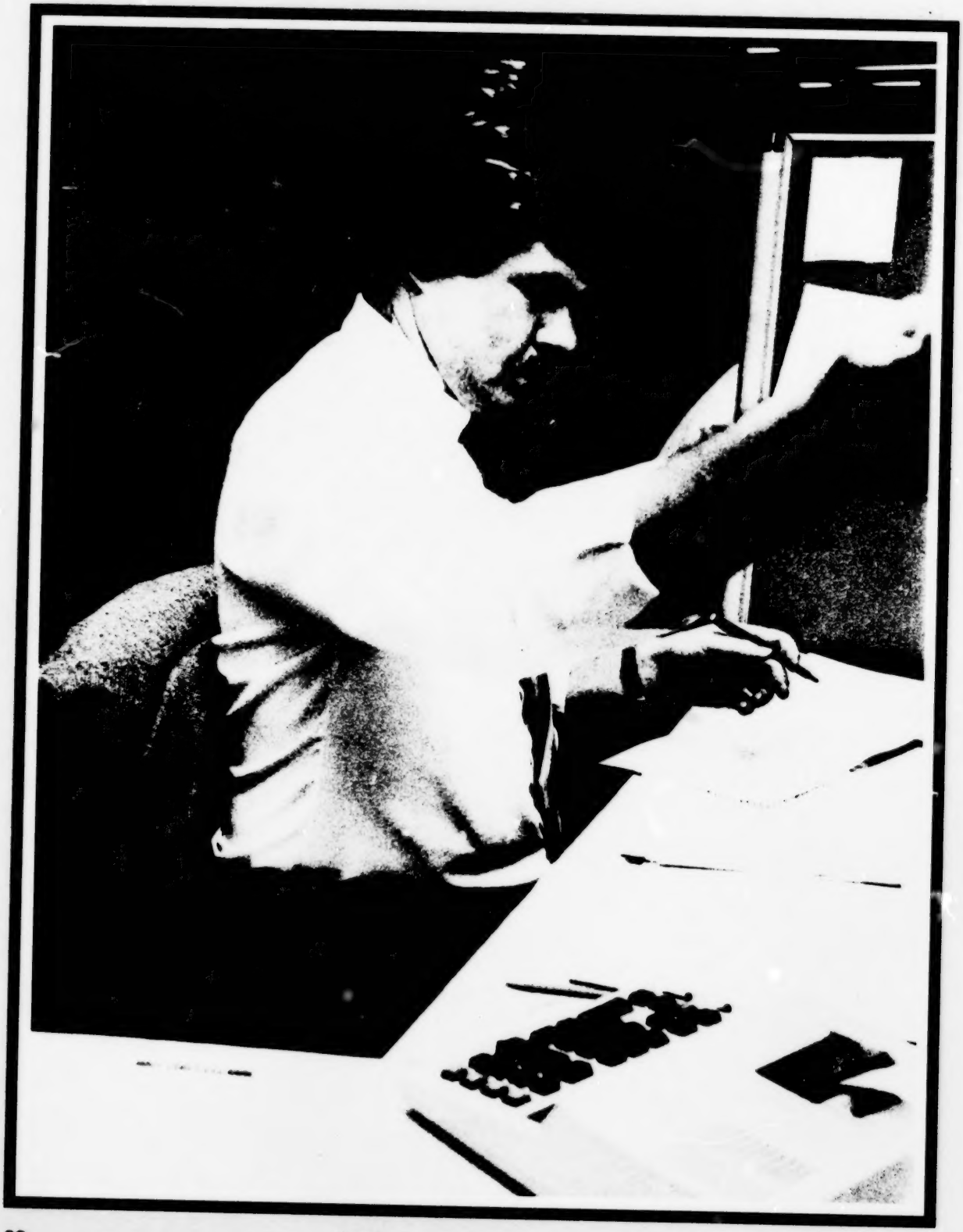
In addition to overseeing the Board's IYDP activities, Equal Opportunity staff continued to encourage the movement of women into management through the Women's Program. In 1981, 38 per cent of management and senior administrative positions at the WCB were held by women.

As you can see from this report, providing Ontario's injured workers with medical aid payments, temporary and permanent disability benefits and rehabilitation programs is a complicated task. The success of the Board in fulfilling its mandate depends on the co-operation of injured workers, their representatives, employers, the treating professions and, of course, the dedication of the 3,500 people on our staff across the province.

In this spirit of co-operation and dedication, your Workmen's Compensation Board will face the challenges of the year ahead with confidence and will continue to provide equitable, individualized service to the working men and women of this province.



Lincoln M. Alexander
Chairman



Workmen's Compensation Board
Financial Statements
Year Ended December 31, 1981

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Toronto, Ontario
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416 / 965-1381

To the Workmen's Compensation Board
and to the Minister of Labour.

I have examined the balance sheets — Schedule 1 Accident Fund and Schedule 2 of the Workmen's Compensation Board as at December 31, 1981 and the statements of income, expenses and unfunded liability — Schedule 1 Accident Fund and of changes in net deposits — Schedule 2 for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Board as at December 31, 1981 and the results of its operations for the year then ended in accordance with the accounting principles set out in the notes to the financial statements, applied on a basis consistent with that of the preceding year.

A report on the audit will be made to the Board and to the Minister.

D. F. Archer, F.C.A.,
Provincial Auditor.

Toronto, Ontario,
April 30, 1982.

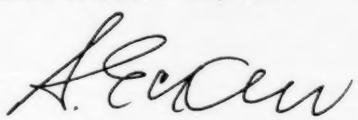
Eckler, Brown, Segal & Company Ltd.
Consulting Actuaries

Consulting Actuary's Report on the Valuation of the Actuarial Liabilities of the Schedule 1 Accident Fund of the Workmen's Compensation Board of Ontario as at December 31, 1981

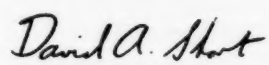
The estimated present value of future compensation, pension payments and medical aid under Schedule 1 on account of accidents that occurred on or before December 31, 1981 in the amount of $2,610,000,000 has been computed by the Board's Staff Actuary in accordance with methods and assumptions approved by us. We believe that the assumptions made are appropriate for this valuation and the methods employed are in accordance with sound actuarial principles. We have made such tests of the calculations as were deemed necessary. We have also examined the data upon which the calculations were based and found it to be sufficient for our purposes and consistent with the Board's financial statements.

As in previous valuations, no explicit provision has been made for potential future legislated amendments to the Workmen's Compensation Act, such as potential increases in the level of compensation and pensions in response to inflationary pressure. However, the interest rate assumed in the valuation was not increased to reflect increases during 1981 in the yields of the Board's investments related to such inflationary pressure. This maintenance of the same interest rate makes some implicit provision for potential future amendments to the Act in response to inflation. This policy was also followed in the previous valuation. The methods and assumptions employed were substantially the same as those employed in the previous valuation as at December 31, 1980.

In our opinion, which includes the foregoing comments, the amount of $2,610,000,000 as at December 31, 1981 makes reasonable provision for future compensation, pension payments and medical aid under Schedule 1 on account of accidents that occurred on or before December 31, 1981.



Samuel Eckler, F.S.A., F.C.I.A.



David A. Short, F.S.A., F.C.I.A.

Actuaries with the firm of Eckler, Brown, Segal & Company Ltd.

April 13, 1982.

Balance Sheet — Schedule 1 Accident Fund
December 31, 1981

ASSETS	1981 ($000's)	1980
Cash	$ 3,546	$ 16,838
Investments (Note 3)	1,569,295	1,490,474
Other assets (Note 4)	248,674	210,996
Land, buildings and equipment (Note 5)	19,094	19,430
	$1,840,609	$1,737,738
LIABILITIES		
Accounts payable and accrued charges (Note 6)	$ 46,749	$ 46,011
Estimated present value of future payments to existing Schedule 1 claimants	2,610,000	2,090,000
	$2,656,749	$2,136,011
Unfunded liability	(816,140)	(398,273)
	$1,840,609	$1,737,738

Approved by the Board

Chairman

Vice-Chairman of Administration and General Manager

Statement of Income, Expenses and Unfunded Liability - Schedule 1 Accident Fund
Year Ended December 31, 1981

INCOME	1981 ($000's)	1980
Assessments and penalties (net of uncollectible assessments 1981 — $8,593; 1980 — $17,577)	$ 601,470	$ 529,109
Investment income (Note 8)	165,935	141,304
	$ 767,405	$ 670,413
EXPENSES		
Benefits (Note 9)	$ 556,565	$ 471,520
Provision for increase in estimated present value of future payments to existing claimants		
Current	160,000	100,000
Legislative amendments (Note 10)	360,000	—
Accident prevention	21,470	17,978
Administration	67,051	56,618
Medical and rehabilitation services	14,687	11,977
Mine rescue	799	581
Occupational health and safety	4,700	5,479
	$1,185,272	$ 664,153
Excess of (expenses over income) income over expenses	$ (417,867)	$ 6,260
Unfunded liability, beginning of year	(398,273)	(404,533)
Unfunded liability, end of year	$ (816,140)	$ (398,273)

Balance Sheet — Schedule 2
December 31, 1981

ASSETS	1981 ($000's)	1980
Cash	$ 1,985	$ 347
Investments	5,496	7,128
Administration expenses recoverable (Note 7)	7,116	6,275
Interest and other receivables	133	130
	$14,730	$13,880
LIABILITIES		
Accounts payable	$ —	$ 830
Due to Schedule 1	7,018	6,190
	$ 7,018	$ 7,020
Net deposits	7,712	6,860
	$14,730	$13,880

Approved by the Board

Chairman

Vice-Chairman of Administration and General Manager

Statement of Changes in Net Deposits — Schedule 2
Year Ended December 31, 1981

INCREASE IN DEPOSITS	1981 ($000's)	1980
Reimbursements from employers		
Benefits	$48,496	$40,158
Administration costs	7,939	7,437
Investment income	933	744
	$57,368	$48,339
DECREASE IN DEPOSITS		
Benefits to workers		
Compensation	$18,412	$16,991
Medical aid	9,189	6,778
Rehabilitation	524	423
Pensions	20,452	17,092
Administration costs	7,939	7,437
	$56,516	$48,721
Increase (decrease) in net deposits	$ 852	$ (382)
Net deposits, beginning of year	6,860	7,242
Net deposits, end of year	$ 7,712	$ 6,860

Notes to the Financial Statements
December 31, 1981

1. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared using the accrual method of accounting except for Schedule 2 benefit payments and their related reimbursements which are accounted for on the cash basis, and reflect the following policies:

Investments

Investments are carried at amortized cost for bonds and amortized cost less principal repayments for mortgages, each plus or minus the unamortized balance of losses or gains on sales. The difference between the proceeds on the sale of a bond or mortgage and its book value is considered to be an adjustment of future portfolio yield deferred on the balance sheet and amortized over the lesser of the period to maturity of the security sold or 20 years. Short-term investments are carried at cost.

Market values of investments are not disclosed as the Board's policy is generally to hold them to maturity.

Land, buildings and equipment

Land, buildings and equipment are stated at cost. Buildings and equipment are depreciated on the straight-line method at rates calculated to amortize the cost of the assets over their estimated useful lives.

Assessment income

Assessment income is determined on the basis of provisional payrolls reported by employers. At year end, an accrual is calculated to give effect to the additional assessment revenue anticipated as a result of the actual payrolls being greater than provisional.

Assessment policies

The Board has established assessment policies which are deemed to be sufficient to finance an unfunded liability which has been determined to exist as a result of making the provision for the estimated present value of future payments to existing Schedule 1 claimants.

The estimated present value of future payments to existing Schedule 1 claimants is determined annually on an actuarial basis and is reviewed by independent consulting actuaries.

2. SCHEDULE 1 AND SCHEDULE 2

Schedule 1 relates to industries where the employers are liable to contribute to the accident fund and Schedule 2 relates to industries where the employers are individually liable to pay compensation, medical aid, rehabilitation costs and pensions.

3. INVESTMENTS

	1981 ($000's)	1980
Bonds	$1,053,271	$1,035,824
Mortgages	388,084	356,125
	$1,441,355	$1,391,949
Unamortized portion of realized losses, net of gains, on sale of investments	18,708	12,688
	$1,460,063	$1,404,637
Short term	109,232	85,837
	$1,569,295	$1,490,474

4. OTHER ASSETS

	1981 ($000's)	1980
Accrued investment income	$ 29,098	$ 27,107
Accrued assessment income	40,000	20,000
Assessment and other receivables	172,551	157,692
Prepaid administration expenses	7	7
Due from Schedule 2	7,018	6,190
	$ 248,674	$ 210,996

5. LAND, BUILDINGS AND EQUIPMENT ($000's)

	Cost	Accumulated Depreciation and Amortization	Net Book Value	Depreciation and Amortization Rates
Land	$ 6,754	$ —	$ 6,754	—
Buildings	10,196	4,385	5,811	2½%
Leasehold improvements	2,042	953	1,089	10%
Equipment	13,732	9,070	4,662	20%
Motor vehicles	1,253	475	778	25%
	$33,977	$14,883	$19,094	

6. ACCOUNTS PAYABLE AND ACCRUED CHARGES

	1981 ($000's)	1980
Accounts payable and accrued charges	$30,221	$31,475
Cheques issued and not yet cashed	16,528	14,536
	$46,749	$46,011

7. ADMINISTRATION EXPENSES RECOVERABLE

The Board administers the payment of worker benefits on behalf of Schedule 2 employers, for which it allocates a charge to Schedule 2 employers based on the total administration costs less certain costs not appropriate to Schedule 2.

8. INVESTMENT INCOME

	1981 ($000's)	1980
Investment income	$170,160	$144,042
Less		
Amortization of losses, net of gains, on sale of investments	(3,807)	(2,385)
Investment administration expenses	(418)	(353)
	$165,935	$141,304

9. BENEFIT EXPENSES

	1981 ($000's)	1980
Compensation	$289,123	$259,222
Medical aid	86,060	64,857
Rehabilitation	13,341	8,673
Pensions	169,793	139,668
	$558,317	$472,420
Less recovered from third parties	1,752	900
	$556,565	$471,520

10. LEGISLATIVE AMENDMENTS

The Workmen's Compensation Act was amended during the year by consent of the Legislative Assembly of the Province of Ontario. The effect of the amendments was to increase the amount of certain benefit payments made to claimants with the application of these increased payments having effective dates of July 1, 1980 and July 1, 1981.

The effect of the legislative amendments was to increase the estimated present value of future payments to existing Schedule 1 claimants by $360 million.

11. LEASE COMMITMENTS

The Board rents office space under operating lease arrangements with terms of various expiry dates. The aggregate minimum annual rental under these arrangements for the next five years is as follows:

	($000's)
1982	$3,485
1983	$3,319
1984	$3,097
1985	$2,411
1986	$1,984

12. COMPARATIVE FIGURES

Certain of the prior year's comparative figures have been reclassified to conform to the current year's presentation.

Schedule 1 Accident Fund — Accident Prevention Expenses by Category and Safety Association

Year Ended December 31, 1981

BY CATEGORY	1981 ($000's)	1980
Salaries and employees' benefits	$11,739	$ 9,680
Travel and vehicle maintenance	1,970	1,542
Supplies and services	492	404
Equipment rental and maintenance	155	110
Depreciation of equipment	138	130
Occupancy costs	916	807
Security services and insurance	47	28
Communications and publications	4,693	4,324
Miscellaneous	1,320	953
	$21,470	$17,978
BY SAFETY ASSOCIATION		
Construction Safety Association of Ontario	$ 6,442	$ 5,762
Electrical Utilities Safety Association of Ontario	1,002	815
Forest Products Accident Prevention Association	953	898
Farm Safety Association Inc.	534	515
Hospital Accident Prevention Association	793	557
Industrial Accident Prevention Association	9,505	7,527
Mines Accident Prevention Association of Ontario	1,000	804
Ontario Pulp & Paper Makers Safety Association	387	329
Transportation Safety Association of Ontario	854	771
	$21,470	$17,978

Schedule 1 Accident Fund — Administration Expenses
Year Ended December 31, 1981

	1981 ($000's)	1980
Salaries and employees' benefits	$67,171	$55,636
Travel and vehicle maintenance	2,148	2,220
Supplies and services	2,370	2,077
Equipment rental and maintenance	5,391	4,485
Depreciation of equipment	1,328	1,566
Occupancy costs — net	3,220	3,070
Security services and insurance	420	278
Data processing costs	452	442
Communications and publications	4,549	3,972
Chest examining station costs	710	574
Credit reports and legal expenses	381	522
Professional fees and services	500	243
Miscellaneous	1,555	1,400
	$90,195	$76,485
Less administration expenses charged to:		
Investment income	$ 418	$ 353
Hospital and Rehabilitation Centre	100	100
Medical and rehabilitation services	14,687	11,977
Schedule 2	7,939	7,437
	$23,144	$19,867
Net charged to Statement of Income, Expenses and Unfunded Liability — Schedule 1 Accident Fund	$67,051	$56,618

Workmen's Compensation Board Superannuation Fund
Financial Statements
Year Ended December 31, 1981

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Toronto, Ontario
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To the Workmen's Compensation Board
and to the Minister of Labour.

I have examined the balance sheet of Workmen's Compensation Board Superannuation Fund as at December 31, 1981 and the statement of transactions and fund balance for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Fund as at December 31, 1981 and the changes in fund balance for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

A report on the audit has been made to the Board and to the Minister.

D. F. Archer

D. F. Archer, F.C.A.,
Provincial Auditor.

Toronto, Ontario,
April 30, 1982.

Balance Sheet — Superannuation Fund
December 31, 1981

ASSETS	1981 ($000's)	1980
Cash	$ 536	$ 12
Investments (Note 3)	105,094	93,562
Accrued investment income	1,582	1,285
Accounts receivable	137	76
	$107,349	$94,935
LIABILITIES		
Accounts payable	$ 384	$ 150
Fund balance	106,965	94,785
	$107,349	$94,935

Approved by the Board

Chairman

Vice-Chairman of Administration and General Manager

Statement of Transactions and Fund Balance — Superannuation Fund
Year Ended December 31, 1981

CONTRIBUTIONS RECEIVED FROM	1981 ($000's)	1980
The Board and the Safety Associations	$ 3,334	$ 2,769
The employees of the Board and the Safety Associations	3,063	2,592
	$ 6,397	$ 5,361
INVESTMENT INCOME	$ 9,558	$ 8,291
	$ 15,955	$ 13,652
DEDUCT		
Pensions paid	$ 3,012	$ 2,451
Contributions plus interest refunded to staff	763	422
	$ 3,775	$ 2,873
Increase in the fund for the year	$ 12,180	$ 10,779
Fund balance, beginning of year	94,785	84,006
Fund balance, end of year	$106,965	$ 94,785

Notes to the Financial Statements
December 31, 1981

1. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with generally accepted accounting principles and reflect the following policies:

Investments

Investments are carried at amortized cost for bonds, amortized cost less principal repayments for mortgages and cost for equities and short-term paper.

Translation of foreign currency

U.S. dollar accounts, where applicable, in these financial statements are translated into Canadian dollars on the following basis:

(a) Investments — at the rates of exchange prevailing when the investments were acquired.

(b) Investment income — at the rates of exchange prevailing on the dates of the transactions.

2. SUPERANNUATION FUND

The Superannuation Fund is a benefit-based pension plan for the employees of the Workmen's Compensation Board and certain of the provincial safety associations.

3. INVESTMENTS

	1981		($000's)	1980
	Cost	Market Value	Cost	Market Value
Bonds	$ 50,951	$36,887	$53,924	$43,644
Mortgages	13,837	13,837	14,811	14,811
Equities	26,770	33,974	20,678	31,111
	$ 91,558	$84,698	$89,413	$89,566
Short-term	13,536	13,536	4,149	4,149
	$105,094	$98,234	$93,562	$93,715

4. ACTUARIAL VALUATION

The most recent triennial actuarial valuation as at December 31, 1980 determined that the Fund was in a surplus position.

5. COMPARATIVE FIGURES

Certain of the prior year's comparative figures have been reclassified to conform to the current year's presentation.

Workmen's Compensation Board offices are located throughout Ontario.

Toronto — Head Office (416) 965-8722	2 Bloor Street East Toronto, Ont. M4W 3C3
Metro Toronto Information Centre (416) 965-8864	1382 St. Clair Avenue West Toronto, Ont. M6E 1C6
Hamilton (416) 523-1800	100 Main Street East Room 108 — 110 Hamilton, Ont. L8N 3W6
Kingston (613) 544-9682	1055 Princess Street Room 303 Kingston, Ont. K7L 5T3
Kitchener/Waterloo (519) 576-4130	153 Frederick Street Kitchener, Ont. N2H 2M1
London Regional Office (519) 663-2331	200 Queens Avenue London, Ont. N6A 1J3
North Bay (705) 472-5200	189 Wyld Street North Bay, Ont. P1B 1Z2
Ottawa (613) 238-7851	350 Sparks Street Room 206 Ottawa, Ont. K1R 7S8
Sault Ste. Marie (705) 942-3002	421 Bay Street 3rd Floor Sault Ste. Marie, Ont. P6A 1X3
St. Catharines (416) 937-2020	282 Linwell Road Room 120 St. Catharines, Ont. L2N 6N5
Sudbury Regional Office (705) 675-9301	30 Cedar Street Sudbury, Ont. P3E 1A4
Thunder Bay (807) 623-4545	1265 Arthur Street East Room 101 Thunder Bay, Ont. P7E 6E7
Timmins (705) 267-6427	273 Third Avenue Room 204 Timmins, Ont. P4N 1E2
Windsor (519) 256-3461	787 Ouellette Avenue Windsor, Ont. N9A 4J4

Long-distance callers may contact WCB offices free of charge. For toll-free numbers, consult your local telephone directory.